

10 DEC 1948  
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## EUROPE

1. GERMANY: East Berlin mayor may be deserting to West-- US Ambassador Murphy in Berlin has learned that Friedrich Ebert, the newly-elected mayor of the Soviet-approved east Berlin government, has informed the western powers that he wishes to abandon his post and flee from Berlin.

S-TS

(CIA Comment: CIA considers it possible that this report may be a "plant" designed to embarrass the rump east Berlin government in its relations with the USSR. If carried out, Ebert's flight will: (a) provoke a vitriolic Soviet propaganda campaign in which the USSR will accuse the western powers of kidnapping; and (b) possibly prompt the USSR into initiating as extensive a terroristic campaign in the western sectors of Berlin as its limited capabilities will permit.)

25X1

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2. FRANCE: [ ] expresses fears of Government downfall --

CIA-S

[ ] his fear that the Queuille Government may fail to procure Assembly approval of the projected budget and fiscal reform measures. [ ] declared that if the Government should consequently resign, he would not know whom to call upon to form a new government. [ ] said that only as a last resort would he call upon De Gaulle and expressed the opinion that De Gaulle would not in any event be able to secure the necessary vote of confidence from the Assembly at this time.

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(CIA Comment: CIA believes that although the Government faces a real danger of falling on the question of the fiscal proposals [ ] has expressed his fears [ ] in the hope of obtaining US support for these measures.)

25X1

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- 1 - NO CHANGE in Class. ☐☒ DECLASSIFIED

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8. **NETHERLANDS: Dutch plan Indonesian interim government--** S-S  
The Dutch Foreign Minister has informed US Embassy The Hague that the Netherlands Cabinet has decided: (a) to proceed immediately with measures to set up an interim federal government for the Netherlands East Indies, with provision for participation by the Indonesian Republic at some later date; and (b) to inform the Good Offices Committee of the Dutch Government's conclusions that further negotiations with the Republic offer no possibility of securing an agreement which would be acceptable to the Netherlands.

(CIA Comment: CIA believes that the announcement by the Dutch of an interim government without the Republic will precipitate a Republican appeal to the Security Council. If the SC fails to obtain further negotiations between the parties, the repercussions in Indonesia will probably lead to a renewal of Dutch "police action.")

FAR EAST

25X1X6

4. **CHINA: Battle for Central China nearing end--** The US Military Attache in Nanking believes that the battle for Central China is approaching its conclusion. The MA reports that over two-thirds of the encircled Nationalist Army group southwest of Hsueh-chow have been eliminated and the remainder will probably be wiped out in the next three days. The MA considers that the fall of these units will precipitate the elimination of the encircled Twelfth Army Group southwest of Suhsien. The MA adds that the Nationalists appear to be evacuating Pangfou, their last line of defense north of the Yangtze, in order to avoid a Communist encirclement maneuver.

WAR-S  
S-TS  
NAVY-S

(CIA Comment: CIA believes that the battle for Central China is rapidly nearing its conclusion and that Communist occupation of Nanking may now be only a matter of weeks.)

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**US not to participate in Shanghai government turnover--**

The Department of State has instructed US Consul General Shanghai not to participate in any joint consular action which would place the US or its representatives in the role of guarantor or mediator in the turnover of that city to a successor Chinese government. The Department adds, however, that the Consul General may take action based on humanitarian considerations as long as it is clearly understood that such actions do not involve political commitments on the part of the US.

**Continued presence of US Navy at Tsingtao urged--**

The Commander US Naval Forces Western Pacific believes that the planned withdrawal of the Chinese Navy from Tsingtao should, by removing a possible military objective for Communist attack, strengthen the security of US forces in Tsingtao. He points out that by remaining at Tsingtao the US Naval Forces can insure a minimum of disorder in a future turnover of authority at the port. He considers that the Navy's presence at Tsingtao indicates a determination to protect US lives and interests throughout China, gives reassurance to all foreigners in China, and provides a stabilizing influence on the Chinese situation by compelling the respect of both Chinese Communists and Nationalists. He warns that the withdrawal of the US Navy would precipitate violent disorders, loss of life, and widespread destruction of property in all the large communities in China.

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